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UNCLAS SECTION 01 OF 02 TEL AVIV 003672

SIPDIS

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SUBJECT: CODEL KOLBE MEETINGS WITH ISRAEL'S FOREIGN
MINISTER SHALOM AND VICE PREMIER PERES

REF: A) JERUSALEM 02277 B) TEL AVIV 03246 C) IIR

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SENSITIVE BUT UNCLASSIFIED, PLEASE HANDLE ACCORDINGLY

1. THIS IS A JOINT MESSAGE FROM EMBASSY TEL AVIV AND
CONGEN JERUSALEM.

2. (U) SUMMARY: DURING A MAY 29-31 VISIT TO ISRAEL AND
THE WEST BANK, CODEL KOLBE MET WITH ISRAELI FOREIGN
MINISTER SHALOM AND ISRAELI VICE PREMIER PERES, AMONG
OTHERS. MINISTER SHALOM SPOKE ABOUT THE RECENT
ELECTORAL SUCCESS OF HAMAS AND THE DIFFICULT QUESTIONS
POSED BY GAZA DISENGAGEMENT, INCLUDING WHAT TO DO WITH
SETTLER HOUSES IN GAZA. VICE PREMIER PERES DESCRIBED
ACTIONS THAT MUST BE TAKEN TO BETTER THE LIVES OF
PALESTINIANS, INCLUDING WAYS TO IMPROVE THE ECONOMY,
INCREASE EMPLOYMENT AND PROVIDE A SOCIAL SUPPORT
NETWORK. END SUMMARY.

3. (U) AS REPORTED IN REFTELS A-C, A CODEL LED BY REP.
JIM KOLBE (R-AZ), CHAIRMAN OF THE HOUSE APPROPRIATIONS
COMMITTEE'S FOREIGN OPERATIONS SUBCOMMITTEE (HACFO),
VISITED ISRAEL AND THE WEST BANK ON MAY 29-31, 2005.
THE CODEL INCLUDED NITA LOWEY (D-NY, HACFO), DAVID
PRICE (D-NC, HAC), ROGER WICKER (R-MS, HAC), MARION
BERRY (D-AR, HAC), SUSAN DAVIS (D-CA, HASC), JEFF
MILLER (R-FL, HASC) AND GARY ACKERMAN (D-NY, HIRC).
THEY WERE ACCOMPANIED BY COMMITTEE STAFF MEMBERS BETSY
PHILLIPS AND RODNEY BENT (HACFO), DAVID ADAMS (HIRC),
AND JENNIFER MILLER (HAC), AS WELL AS STEVE MARCHESE
(STATE/H) AND DAVID LINER (USAID/LPA).

4. (U) THE CODEL VISITED SEVERAL USAID PROJECT SITES
IN THE WEST BANK AND MET WITH PALESTINIAN INTERIOR
MINISTER NASSER YOUSSEF, PUBLIC WORKS MINISTER MOHAMMED
SHTAYEH, AND U.S. SECURITY COORDINATOR GENERAL WARD
(SEE REFTEL A). THE CODEL ALSO MET WITH FOUR ISRAELI
OFFICIALS: FOREIGN MINISTER SYLVAN SHALOM, DEFENSE
MINISTER SHAUL MOFAZ, VICE PREMIER SHIMON PERES, AND
PRIME MINISTER ARIEL SHARON. THE MEETINGS WITH PRIME
MINISTER SHARON AND MINISTER MOFAZ WERE DESCRIBED IN
REFTELS (B) AND (C), RESPECTIVELY. THE MEETINGS WITH
MINISTER SHALOM AND VICE PREMIER PERES ARE DESCRIBED
BELOW.

5. (SBU) THE CODEL MET WITH FOREIGN MINISTER SYLVAN
SHALOM ON SUNDAY, MAY 29. MINISTER SHALOM'S COMMENTS
INCLUDED THE FOLLOWING POINTS:

A MAJOR SHIFT IS UNDERWAY IN THE MIDDLE EAST AWAY
FROM POLITICAL EXTREMISM TOWARDS MODERATION AND
DEMOCRACY. EXAMPLES INCLUDE ELECTIONS (PAST AND
PLANNED) IN IRAQ, THE PALESTINIAN TERRITORIES, EGYPT,
LEBANON AND KUWAIT. THE INTERNATIONAL COMMUNITY NEEDS
TO EMBRACE MODERATES AND ISOLATE EXTREMISTS, INCLUDING
IRAN, SYRIA AND THE TERRORIST GROUPS.

HAMAS HAS BECOME A POTENT POLITICAL PARTY, AS
SHOWN BY RECENT MUNICIPAL ELECTION RESULTS. LIKE
HIZBALLAH, HAMAS IS PURSUING POLITICAL POWER WHILE
CONTINUING MILITARY ACTIVITIES.

REGARDING GAZA DISENGAGEMENT, THE PROCESS MUST BE
CONTROLLED BY PALESTINIAN PRESIDENT MAHMUD ABBAS, NOT
BY HAMAS AND OTHER TERRORIST GROUPS. ABBAS MUST
DISMANTLE TERRORIST INFRASTRUCTURE.

A MAJOR DILEMMA POSED BY GAZA DISENGAGEMENT IS
WHETHER ISRAEL SHOULD DEMOLISH THE HOUSES NOW OCCUPIED
BY SETTLERS. DEMOLISHING THEM WOULD CREATE SPACE TO
HOUSE MORE PALESTINIANS, BUT DEMOLITION IS OPPOSED BY
THE INTERNATIONAL COMMUNITY.

ANOTHER DISENGAGEMENT QUESTION IS WHAT TO DO WITH
THE PHILADELPHI CORRIDOR NEAR RAFAH, BECAUSE THE
CORRIDOR HAS BEEN USED TO SMUGGLE WEAPONS FROM EGYPT.

THE SEPARATION BARRIER IS A TEMPORARY MEASURE.
ISRAEL HAS MOVED TEMPORARY BORDERS WITH NEIGHBORS IN
THE PAST AND COULD DO SO AGAIN.
AIN.

IRAN IS STALLING FOR TIME TO DEVELOP ITS NUCLEAR
CAPABILITY.

16. (SBU) THE CODEL MET WITH VICE PREMIER SHIMON PERES ON SUNDAY, MAY 29. THE VICE PREMIER EMPHASIZED SEVERAL THINGS THAT SHOULD BE DONE IN THE RUN UP TO GAZA DISENGAGEMENT AND ITS AFTERMATH:

FACILITATE MORE RAPID PASSAGE OF GOODS AND PEOPLE BETWEEN ISRAEL AND THE PALESTINIAN TERRITORIES.

ECONOMIC NEEDS MUST BE BALANCED AGAINST SECURITY NEEDS.

CREATE AN ALTERNATIVE TO THE SOCIAL SUPPORT NETWORK PROVIDED BY HAMAS. PERES SUPPORTS THE IDEA OF THE PALESTINIAN AUTHORITY ESTABLISHING A PALESTINIAN FUND FOR SOCIAL WELFARE WITH FUNDING OF \$10 MILLION PER MONTH.

TO INCREASE EMPLOYMENT, PROMOTE AGRICULTURE, WHICH IS THE MOST PROMISING SECTOR OF THE PALESTINIAN ECONOMY, IT IS IMPORTANT THAT THE GREENHOUSES IN THE GAZA SETTLEMENTS BE PRESERVED AND HANDED OVER TO PALESTINIANS INTACT.

ENCOURAGE TOURISM.

"PRIVATIZE PEACE" - THAT IS, USE PRIVATE SECTOR TRADE AND DEVELOPMENT TO PROMOTE PEACE, SUCH AS CH AS DEVELOPING QUALIFIED INDUSTRIAL ZONES AND BUILDING INDUSTRIAL PARKS.

THE VICE PREMIER ALSO COMMENTED THAT ISRAEL MADE A MISTAKE BY INVESTING IN THE PALESTINIAN TERRITORIES (I.E., BUILDING SETTLEMENTS), WHILE OVERLOOKING PROBLEMS AT HOME, INCLUDING UNDERDEVELOPMENT IN THE NEGEV AND THE GALILEE. ISRAEL NEEDS TO CORRECT THESE MISTAKES BY PROMOTING HIGH TECH IN THE NEGEV AND TOURISM IN THE GALILEE. PERES CLOSED BY REITERATING HIS CONTINUING GRATITUDE FOR AMERICAN COOPERATION IN THE MIDDLE EAST. HE STATED THAT WHILE EUROPE TALKS, AMERICA ACTS.

KURTZER